



**UNITED STATES DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION**

**Oversight Hearing on
BP Pipeline Failure**

**Before the
Committee on Energy and Natural Resources
United States Senate**

**Written Statement of VADM Thomas J. Barrett, USCG (ret.)
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**WRITTEN STATEMENT OF VADM THOMAS J. BARRETT, USCG (RET.)
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PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
U.S. DEPARTMENT OF TRANSPORTATION
BEFORE THE
COMMITTEE ON ENERGY AND NATURAL RESOURCES
UNITED STATES SENATE**

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Chairman Domenici, Ranking Member Bingaman, members of the Committee: Thank you for the opportunity to discuss recent actions of the Pipeline and Hazardous Material Safety Administration to oversee safe and reliable operations of BP Exploration (BPXA) pipelines at Prudhoe Bay, Alaska, and steps that can be taken to prevent recurrence of such pipeline failures.

Our agency mission is achieving and maintaining safe, environmentally sound, and reliable operation of the nation's pipeline transportation system. In practice, this requires understanding the condition of pipelines and ensuring that operators take actions to prevent and address any unsafe conditions. As you know the first responsibility for safe and reliable operation rests with the pipeline operator.

Since the spill of approximately 5,000 barrels of crude oil from a BPXA-operated low stress line at Prudhoe Bay on March 2, PHMSA has been on the job aggressively to ensure safe and reliable operations. Because the BPXA line where the spill occurred was a low stress line, operating at less than 20 percent of its maximum strength, it had not been federally regulated. In mid-March, using our statutory authority, we asserted federal jurisdiction over the failed line and other BPXA unregulated low stress lines at Prudhoe Bay, a

total of 22 miles of transit pipeline. We subsequently issued a series of orders to the operator to perform long overdue inspections and maintenance on its low stress lines and implement measures for the safe restoration of operations. These included measures to understand the conditions of the lines and take all necessary measures to assure safety and reliability. In addition, PHMSA recently proposed regulations for these types of pipelines, which have been under development since 2004.

We ordered BPXA to run cleaning pigs to remove solids from the lines and perform in line inspections (smart pigging) to understand the condition of the lines from the inside out. We directed extensive ultra sound testing and an enhanced corrosion management plan. We directed external surveillance using infra-red detectors to detect leaks and the development of plans to manage solids in a way that prevented risks to the Trans-Alaska pipeline. It was as a result of pigging we ordered that BPXA discovered the wall loss and leaks on a line segment in the Eastern Operating Area that led to the production shutdown on August 6th.

Our personnel have been on the job tirelessly since March overseeing and directing these actions. We brought on additional technical resources from Oak Ridge National Laboratories. Along with my western region director, Mr. Chris Hoidal and my chief safety officer, Ms Stacey Gerard I visited Anchorage and Prudhoe Bay in early July to assess the situation first hand and meet with my field inspectors, BP and Alyeska executives, state officials and the Joint Pipeline Office. The Acting Secretary of Transportation, Maria Cino visited in August and I went back on August 31st to reassess progress and compliance with our orders.

While this was progressing we put an inspection team on the Trans-Alaska Pipeline System and updated our evaluation of the integrity and reliability of all the regulated transmission lines on the North Slope to minimize the risks to transportation from any additional impacts of the BP pipeline failures.

We do not understand why BPXA did not more aggressively address the corrosion problems that led to these leaks much earlier. Given the multiple risk factors for corrosion in the Prudhoe Bay environment and the low velocities on these lines, it is mystifying that BPXA did not run cleaning pigs regularly on these transit lines. We have found most pipeline operators demonstrate a higher standard of care than this, regardless of whether they are federally regulated or not.

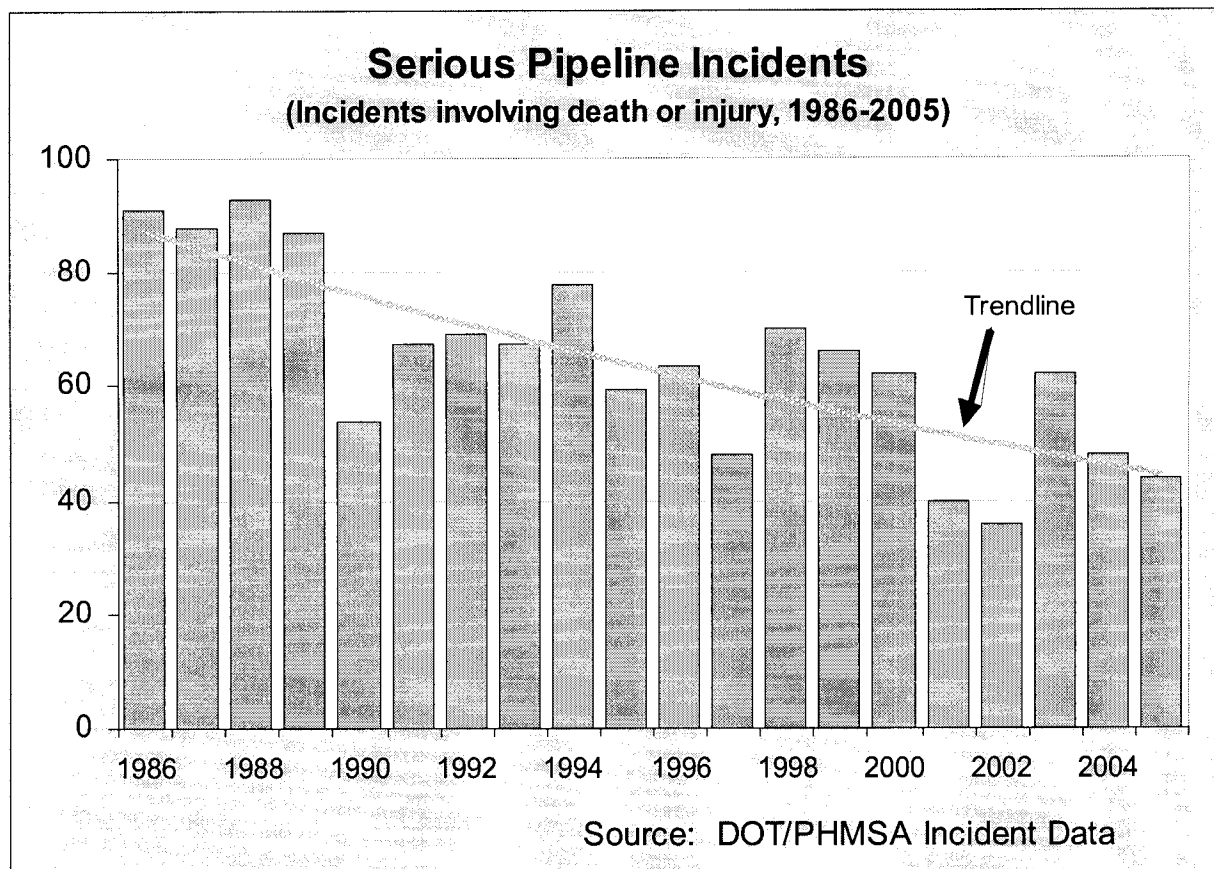
While the operator's management of the lines in the years leading up to the March incident is a disappointment, BPXA is finally making progress in addressing our concerns and we are actively working with them to safely increase pipeline throughput back to previous levels. Our first concern was whether we could allow the Western area transfer line, which carries about 190,000 barrels of daily throughput to continue to operate. To do so, we required continuous ultrasonic testing. This requirement will continue until BPXA complies with our order to internally inspect the line with a smart pig. Further, we directed ultrasonic testing in all elevation changes and low spots to identify any other potential failure locations, and this testing is almost complete. We are allowing this line to continue to operate based on BPXA completion of about 25 percent of exterior, ultrasonic testing. We continue to monitor these results on a daily basis. Operator records show that BPXA

inspected this line with a smart pigged in 1998. The line has twice the flow velocity of the Eastern Operating Area, making it less susceptible to corrosion.

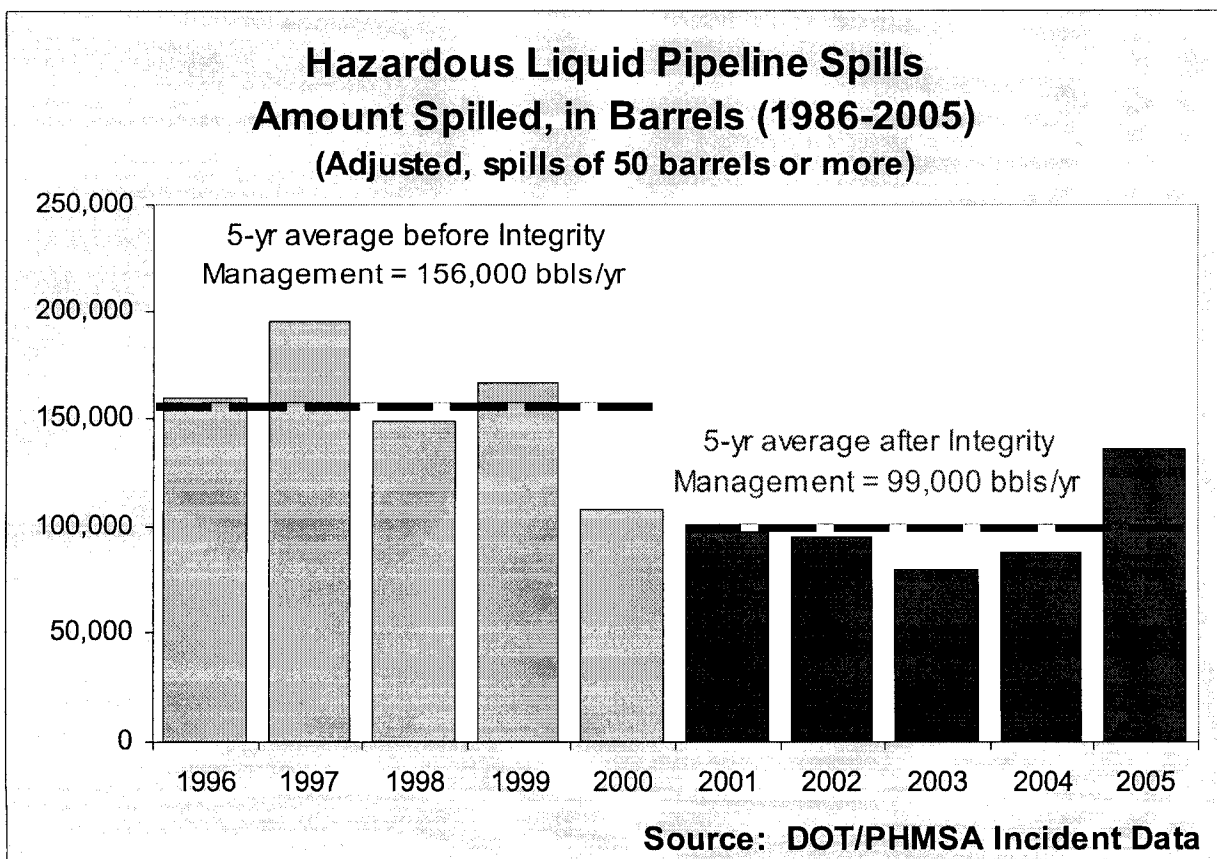
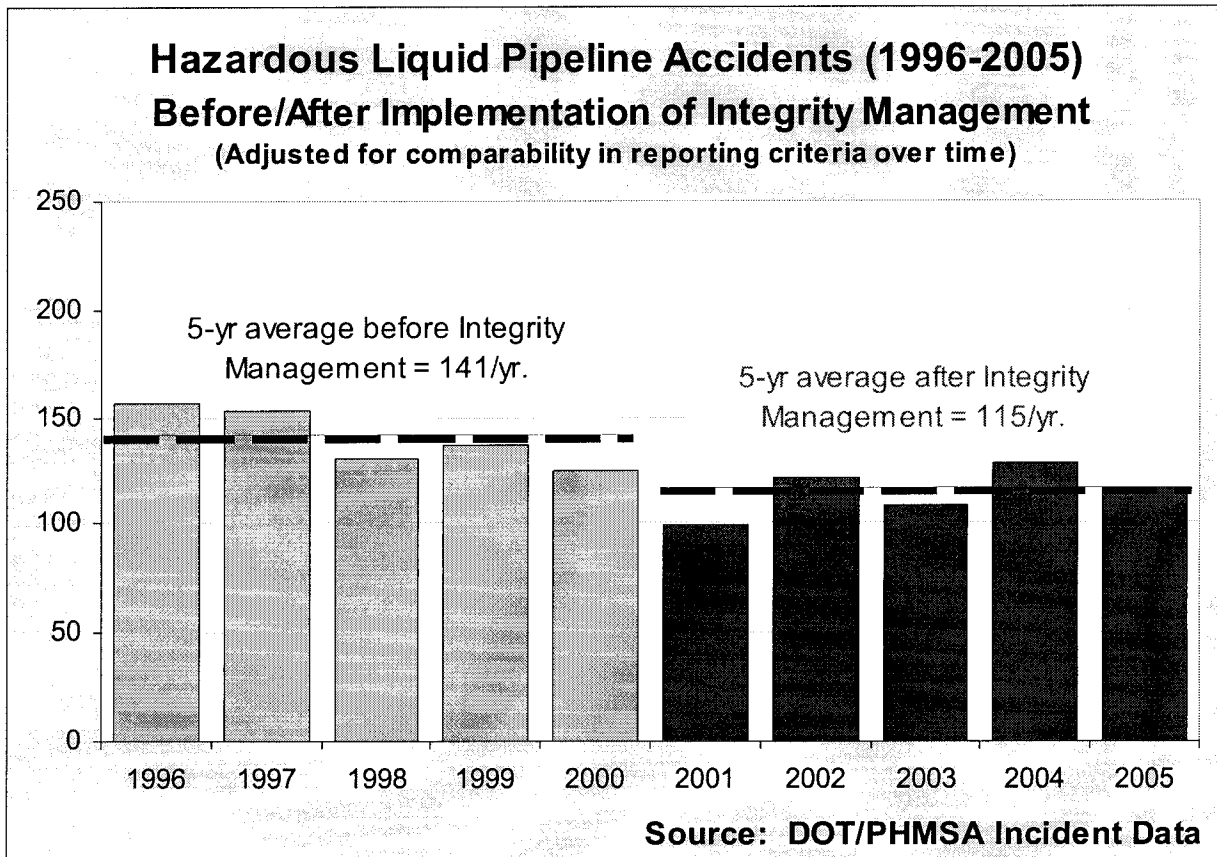
Our other primary focus has been on getting the Eastern operating line ready for pigging as a precursor to allowing it to return to full service. The line had been carrying about 200,000 barrels of daily throughput. To pig this line, flow must be restored to allow the pig to travel the line. We recognize the importance of these pipelines to the Nation's oil supply and are working to help ensure that action is taken expeditiously, but at the same time we must be assured that even a temporary, limited restart can be operated safely, before it can proceed. We have asked BPXA to provide a credible corrosion hypothesis, validated by testing, so that we know they understand the potential corrosion on the line and can manage corrosion going forward. We will require a risk mitigation plan for pigging and restart, and a dry run of the restart, pigging and bypass operation needed to carry the solids to a safe storage tank to permanent handling. Finally, we have required additional personnel and equipment for rapid response in case of a spill. These requirements are additional to those identified in our Corrective Action Order and Amendments. Once pigged, PBXA must identify and remediate any defects prior to full production. This line could then operate until it is replaced entirely in 2007.

We are also working with BP to prepare for the possibility that the Eastern line may not be in good condition and may not be able to be restarted. If smart pigging reveals serious problems with remaining segments of the Eastern line, BPXA is developing an option to bypass large segments of the Eastern transit line and re-route product to existing transmission lines. “Jumper” lines to accomplish this will also require our approval.

The BPXA transit lines failures are not indicative of the state of the rest of the U.S. energy infrastructure. Based on our observations, other major companies are investing more consistently in the integrity of their pipeline systems and generally have much greater system reliability as a result. Integrity management procedures, required by our oversight regulations, require regular assessment and repair of identified risks. As a result of integrity management programs we have required, over 57,000 defects system wide, which could have grown to failure and possibly caused energy disruptions, have been found and fixed, at the earliest possible stage. The overall safety record of the U.S. pipeline industry is good and getting progressively better. The liquid pipeline industry is nearing completion of their baseline testing programs. We are seeing a steady decline in the number of pipeline incidents that cause serious harm to people or the environment. Pipelines that are safe also provide reliable transportation service.



Comparing the five year periods before and after integrity management programs were implemented on hazardous liquid pipelines, spill frequency dropped 18 percent and volumes spilled dropped 35 percent.



On August 31st the Administration proposed robust new safety requirements for rural low stress pipelines including the BP lines at Prudhoe Bay. The proposal has been in development since 2004, well in advance of these spills. The proposal would protect unusually sensitive environmental locations in rural areas, covering about 22% of lines of this type nationwide. Most of the lines the proposed rule addresses are far smaller than the BP Prudhoe Bay low stress lines, but still provide critical transportation of energy products. Low stress lines in populated areas and near navigable waterways are already overseen by PHMSA. As this is a proposal we are seeking public and stakeholder input, including comments addressing the scope of coverage and the requirements included.

As you may know, the pipeline safety program is due for reauthorization and the Committees with oversight have been actively considering a range of provisions this spring and summer to build on the success of the 2002 Pipeline Safety Improvement Act. Of greatest interest to most stakeholders are provisions designed to address the leading cause of serious pipeline accidents, construction-related damage. The Administration's proposal would address this problem by authorizing civil enforcement authority of one call notification laws and financial incentives for states to improve damage prevention programs.

The Administration's proposal also includes a provision to use a risk-based approach for the management of natural gas transmission lines, which should minimize energy supply interruptions. The current statute requires operators of natural gas transmission lines to perform baseline integrity tests of their pipelines over a ten-year period and retest those lines every seven years

regardless of the line's condition and risk profile. Repairs following testing may require shutdown of the gas transmission lines. The Administration has proposed removing this provision and replacing it with a risk based approach to determine appropriate retest intervals. This will improve risk management and safety. Just recently, the General Accountability Office (GAO) issued a report supporting repeal of seven-year retest requirements.

Like the GAO, we believe that safety testing should be performed as often as necessary to detect problems and prevent accidents, not on a fixed, one-size-fits-all schedule. This is not simply a question of operating costs. Because these tests can be performed only when the line is shut down, testing necessarily will have direct impacts on natural gas supply. A risk-based approach, implemented through rulemaking, will have less of an impact on gas flow and, at the same time, not sacrifice safety.

The Administration's proposal also would prevent supply shortages that could result from overlapping testing requirements in the last three years of the ten-year baseline testing. The natural gas transmission industry has warned that supply shortages could occur, depending on gas demand, if operators are required to shut down one-seventh of their systems for mandatory retesting in the same years in which they are conducting mandatory baseline testing on other lines. We want to bring this issue to your attention.

Mr. Chairman, I want to assure you and members of the Committee that the Administration, the Acting Secretary, and the dedicated men and women of PHMSA, whose work at Prudhoe Bay by the way I am enormously proud of,

share your strong commitment to improving the safety, reliability, and public confidence in our pipeline transportation system.

Like you we understand the importance of our mission to the citizens, communities and the energy security and continued economic growth of America. Thank you.

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